

Cartography Corner - October 2019

J. Brett Freeze and his firm Global Technical Analysis (GTA) provides RIA Pro subscribers Cartography Corner on a monthly basis. Brett's analysis offers readers a truly unique brand of technical insight and risk framework. We personally rely on Brett's research to help better gauge market trends, their durability, and support and resistance price levels.

GTA presents their monthly analysis on a wide range of asset classes, indices, and securities. At times the analysis may agree with RIA Pro technical opinions, and other times it will run contrary to our thoughts. Our goal is not to push a single view or opinion, but provide research to help you better understand the markets. Please contact us with any questions or comments. If you are interested in learning more about GTA's services, please connect with them through the links provided in the article. The link below penned by GTA provides a user's guide and a sample of his analysis.

[GTA Users Guide](#)

A Review of September

U.S. Treasury Bond Futures We begin with a review of U.S. Treasury Bond Futures (USZ9) during September 2019. In our September 2019 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for September are:

- M4 181-00
- M1 176-26
- M3 174-29
- PMH 166-30
- Close 165-08
- MTrend 157-17
- M2 157-02
- PML 154-31

- M5: 152 28/32

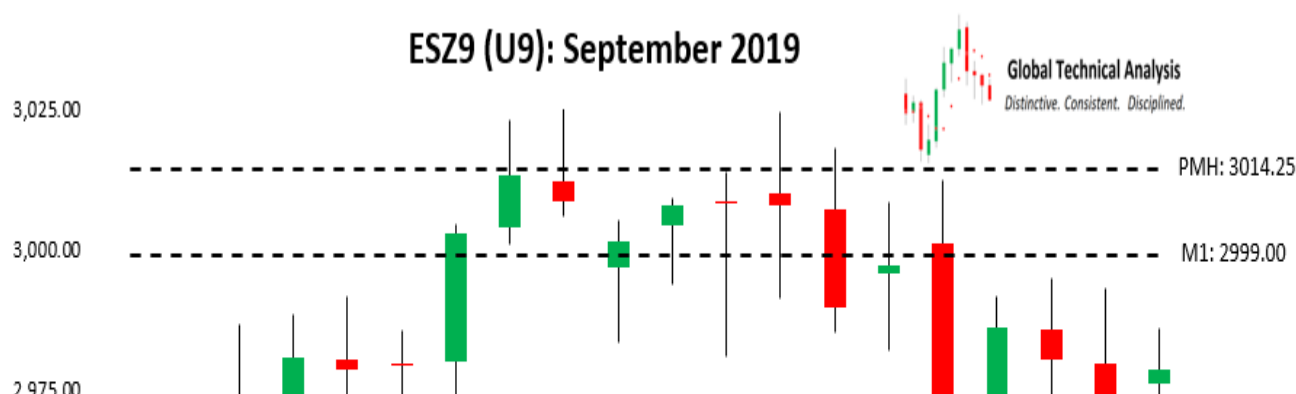
Active traders can use 166-30 as the pivot, whereby they maintain a long position above that level and a flat or short position below it. In our September edition, we anticipated weakness and cautioned, "Short-time-period-focused market participants. . . **Caveat Emptor.**" Figure 1 below displays the daily price action for September 2019 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. The first nine trading sessions were spent with bonds descending in price by seven points and twenty-two thirty seconds. *Ours was a most timely warning.* Astute readers will notice that the low price of the month was realized at the price of 157 18/32. That price was one tick above September's Monthly Trend level of 157 17/32. Monthly Trend was also the first monthly support level offered by our analysis. Another prime example of the importance of *Monthly Trend as a significant pivot level.* The final eleven trading sessions were spent with bonds retracing as much as 75% of the initial decline. **Active traders following our analysis had the opportunity to capture the entire trade down, which equated to a \$7,687.50 profit per contract.** Once Monthly Trend held, drawing from their understanding of our analysis, they also would have known it was worth using the Monthly Trend to acquire a long position with a well-defined stop in place (clustered support at Monthly Trend / M2) to limit risk. *Figure 1:*



E-Mini S&P 500 Futures We continue with a review of E-Mini S&P 500 Futures during September 2019. In our September 2019 edition of *The Cartography Corner*, we wrote the following: In isolation, monthly support and resistance levels for September are:

- M4: 3073.00
- PMH: 3014.25
- M1: 2999.00
- MTrend: 2924.92
- Close: 2924.75
- M3: 2924.75
- PML: 2924.75
- M2: 2924.75
- M5: 2924.75

Active traders can use 2924.92 as the pivot, whereby they maintain a long position above that level and a flat or short position below it. Figure 2 below displays the daily price action for September 2019 in a candlestick chart, with support and resistance levels isolated by our methodology represented as dashed lines. The first nine trading sessions of September saw the market price ascend 101.00 points from August's settlement price. The gains accelerated once it settled above our isolated pivot level at MTrend: 2924.92. The high price for the month was realized on September 13th, the exact same day that the low price in bonds was achieved. The purpose of every trading month is to surpass the high or low of the previous trading month. As can be seen in Figure 2, the high price for August 2019 was at PMH: 3014.25. The price action exceeded PMH: 3014.25, running the obvious brothers' buy-stops in the process. However, the market did not settle above that level which signaled that it was time for active traders following our analysis to take profits on their purchases. On September 20th, the market price rotated and settled back below M1: 2999.00, now acting as support. If active traders following our work had not previously sold their long positions, they should have on that day. The final six sessions of September were spent with the market price declining back towards Monthly Trend. **Active traders following our analysis had the opportunity to capture the initial trade up, which equated to a \$4,412.50 profit per contract. Figure 2:**



October 2019 Analysis

We begin by providing a monthly time-period analysis of E-Mini S&P 500 Futures (ESZ9). The same analysis can be completed for any time-period or in aggregate. Trends:

- Weekly Trend
2989.90
2989.90;
- Current Settle
2978.50
- Daily
Trend
2974.61
2974.61;
- Monthly Trend
2952.81
2952.81;
- Quarterly
Trend
2840.92

In the quarterly time-period, the chart shows that E-Mini S&P 500 Futures have been ?Trend Up? for three quarters. Stepping down one time-period, the monthly chart shows that E-Mini S&P 500 Futures have been ?Trend Up? for four months. Stepping down to the weekly time-period, the chart shows that E-Mini S&P 500 Futures are in ?Consolidation?. Like we commented in August, the slope of the Weekly Trend could be in the initial stage of forming a rounded top. Also, the market price has settled below Weekly Trend for two consecutive weeks. Weekly Trend for this week is at 2989.90. *This deserves focus from short time-period-focused market participants. A trend change in the short time-period is often a precursor to a trend change in the longer time-period(s).* We will watch closely to see if this occurs, bolstering the case for a topping pattern. Support/Resistance: In isolation, monthly support and resistance levels for October are:

- M4
3275.75
- M1
3037.25
- M3
3002.25
- PMH
- M2
3002.25
3002.25;
- Close
- MTrend
2952.81
2952.81;

- Active traders can use 3037.25 as the upside pivot, whereby they maintain a long position above that level. Active traders can use 2952.81 as the downside pivot, whereby they maintain a flat or short position below that level.



Global Technical Analysis

Distinctive. Consistent. Disciplined.

SP 500 Futures

October 1, 2019

ESZ9	37.59
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Q4	3330.25
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M4	3275.75
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Q1	3089.75
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W4	3043.75
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M1	3037.25
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M3	3032.25
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PQH	3029.50
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PMH	3025.75
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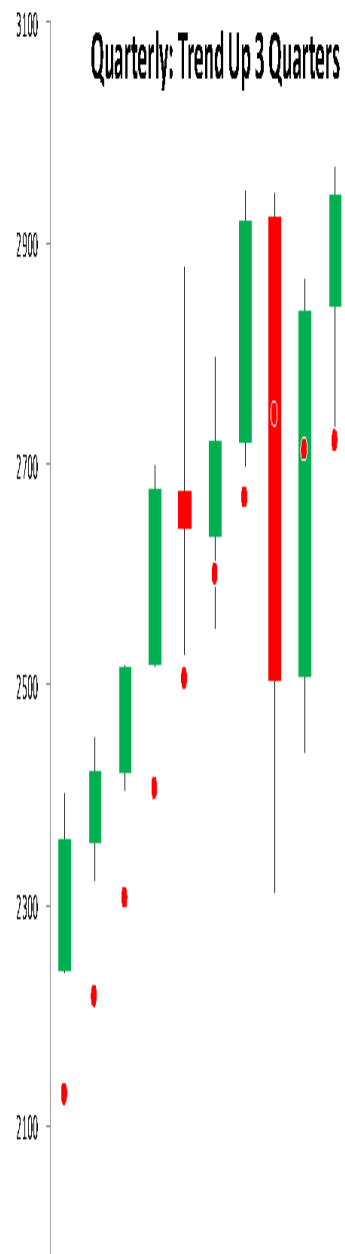
D4	3025.25
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Q3	3012.75
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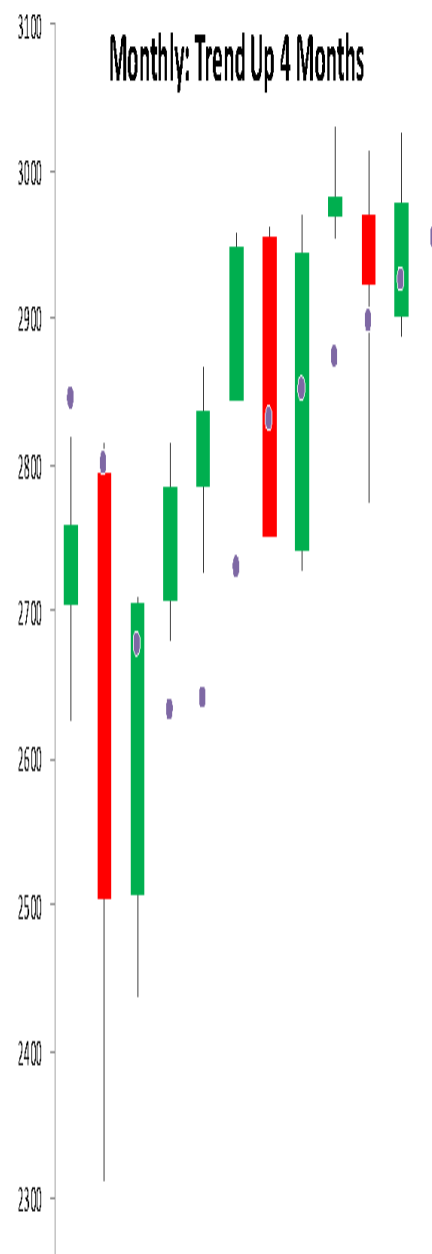
PWH	3012.25
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M2	3003.25
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Quarterly: Trend Up 3 Quarters



Monthly: Trend Up 4 Months



Random Length Lumber Futures For the month of October, we focus on Random Length Lumber Futures. Lumber prices are often seen as an indicator of economic activity due to its widespread use in real estate. Regardless of whether you may trade lumber, the analysis and price action of lumber may provide some clues as to the future direction of the economy. We provide a monthly time-period analysis of LBX9. The same analysis can be completed for any time-period or in aggregate. Trends:

- Weekly Trend
376.33
2013266080;
- Daily Trend
370.83
- Current Settle
367.10
2013266080;
- Quarterly Trend
366.80
2013266080;
- Monthly Trend
364.03

As can be seen in the quarterly chart below, lumber is in ?Consolidation?. Stepping down one time-period, the monthly chart shows that lumber has been ?Trend Up? for four months. Stepping down to the weekly time-period, the chart shows that lumber has been ?Trend Up? for three weeks. In the quarterly time-period, the lumber market realized its last ?substantial? price move (lower) in 3Q2018. It has been consolidating since. In the monthly time-period, the lumber market realized its last ?substantial? price move from February 2019 to May 2019. It has been consolidating since. Astute readers will also notice that the current market price is resting just above BOTH Quarterly Trend and Monthly Trend. The lumber market has been building energy for the next substantial move for four quarters and four months, respectively. *Relative to our technical methodology, it is a 50-50 proposition as to which direction.* As noted earlier, once this direction reveals itself, we may be simultaneously gifted with an indication of the state of the economy. Support/Resistance: In isolation, monthly support and resistance levels for October are:

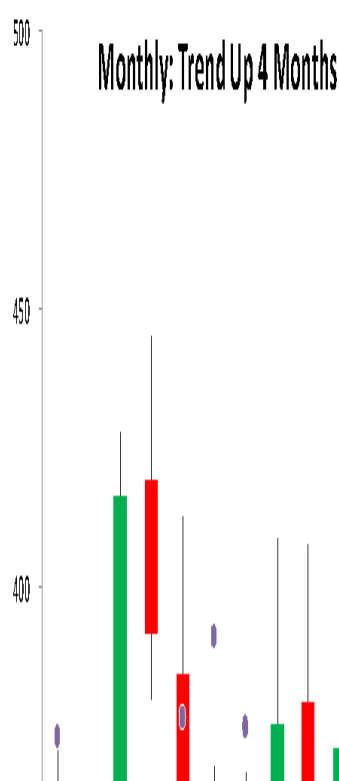
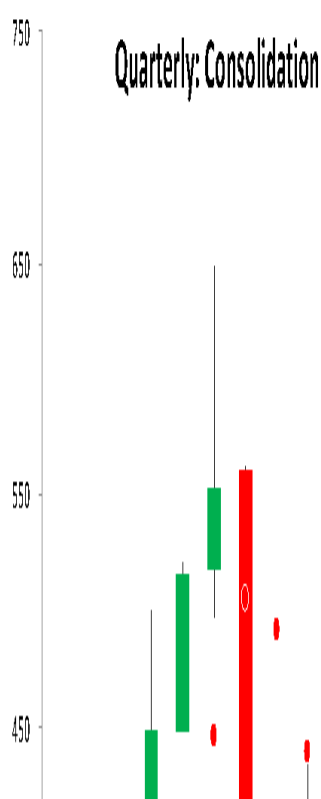
- M4
447.90
- M1
407.70
- PMH
393.50
- Close
367.10
- MTrend
364.03
- M3
357.10
- M2
357.10

[illegible]

Random Length Lumber Futures

October 1, 2019

LBX9	11.43
Q4	529.30
M4	447.90
W4	423.10
PQH	407.70
M1	407.70
Q1	406.80
W1	395.80



Summary The power of technical analysis is in its ability to reduce multi-dimensional markets into a filtered two-dimensional space of price and time. Our methodology applies a consistent framework that identifies key measures of trend, distinct levels of support and resistance, and identification of potential trading ranges. Our methodology can be applied to any security or index, across markets, for which we can attain a reliable price history. We look forward to bringing you our unique brand of technical analysis and insight into many different markets. If you are a professional market participant and are open to discovering more, please [connect](#) with us. We are not asking for a subscription; *we are asking you to listen.*